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SUBJECT: CONGRESS REELING AFTER BIG BJP WIN IN KARNATAKA

REF: CHENNAI 119

¶11. (SBU) Summary: The May 25 announcement of the state assembly election results in Karnataka gave the Bharatiya Janata Party (BJP) a major victory. The party took 110 of the 224 seats in the assembly, leaving it three seats shy of an absolute majority. The BJP quickly secured the support of five of the six independents elected to the assembly, putting it in a position to form its first-ever government in South India. Congress, which had high expectations that Karnataka could stem the tide of state-level victories by its adversary BJP, won 80 seats and saw a number of its senior party leaders losing. BJP's strong showing in Karnataka shows it is continuing to build momentum in advance of the next year's national parliamentary elections and is a portent of bad things to come for Congress. End Summary.

BJP on the verge for the first time in South India

¶12. (SBU) The May 25 announcement of the results of Karnataka's state assembly elections gave 110 of the 224 available seats to the BJP (up from 79 in 2004), 80 to Congress (up from 65 in 2004), and 28 to the Janata Dal (Secular) (down from 58 in 2004). The big gains were met with jubilation by BJP leaders throughout India. Arun Jaitley, who headed the BJP's Karnataka efforts, described the win "as a dream story" and BJP president Rajnath Singh declaring that his party is now the "front-runner" in India's next parliamentary elections. The BJP's victory came on strong performances in Bangalore and its traditional stronghold in the state's northern districts. The party got off to a good start in the three-stage polling by securing a majority of seats in Bangalore during the first stage of polling, and then surging in the central and northern districts in the the second two stages. The one area where the party failed to do well in was the southern part of the state (with the exception of Bangalore).

Terror and inflation fuel BJP surge

¶13. According to media reports, the BJP played on voter resentment over rising prices as well as the fear of increased terrorism. A May 10 bomb blast in the northern city of Hubli underscored the BJP's claim that Congress is soft on terror. Although the explosion did not cause any injuries, the fact that it targeted a court which is trying several terror suspects highlighted the issue in Karnataka, only to receive further emphasis days later when the May

14 Jaipur bombings received wide national coverage. Explaining the party's victory, a state-level BJP leader told post the party had raised the "appropriate issues" that "resonated" in urban areas and the state's northern strongholds.

BJP wins on caste calculations

14. (SBU) The BJP's decision to project B.S. Yeddyurappa, a member of the Lingayat caste, as the party's Chief Ministerial candidate worked in its favor. Yeddyurappa was able to consolidate Lingayat votes behind the party, while still drawing support from other backward castes such as Kurubas and Idigas. As a result, the BJP increased its vote share by 5.3 percent, up to 33.8 percent. A media contact explained that while BJP consolidated the Lingayat vote and drew in other backward castes, the remaining castes were divided among the various secular parties. The contact added that the Muslim votes expected to go completely to the Congress ended up dividing between Congress and the JD(S).

Congress had no response to terror and inflation

15. (SBU) Despite losing ground to the BJP in assembly seats, the Congress actually still won the largest vote share, with 34.6 percent of the vote to BJP's 33.8 percent. The party failed to sweep the southern districts as it expected, instead sharing them with the JD(S). It then underperformed in the more BJP-friendly central and northern districts with a number of its senior party leaders losing their seats.

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16. (SBU) Despite the focus on Congress's failure to designate a Chief Ministerial candidate as the cause for its troubles, B.K. Chandrasekar, a senior Congress leader told post that the real problem was the lack of a clear strategy to counter the BJP's campaign on terror and inflation. Local Congress officials pointed the blame at the national party leadership, which they said was indecisive in the face of the BJP's disciplined campaign. Chandrasekar added that a stint in opposition will do the party good in the long run.

BSP and SP irrelevant

17. (SBU) Both of the caste based national parties -- the Samajwadi Party (SP) and Mayawati's Bahujan Samaj Party (BSP) -- failed to win a single seat. SP's state party chief, the former Chief Minister S. Bangarappa, was routed by the BJP's chief ministerial candidate Yeddyurappa by one of the biggest margins of the election -- 45,000 votes. The Karnataka BSP, headed by a former state industries minister P.G.R. Sindhi, saw the party's successful Uttar Pradesh strategy fail to work in Karnataka. But Sindhi drew consolation from the fact the party had increased its vote share from 1.7 to 2.7 percent. Sindhi told post "we gave a tough fight to the Congress" which ended up helping the BJP in ten closely contested constituencies.

Business wants stability;
Christians fear BJP government

18. (SBU) Business contacts told post their major hope is that the new BJP-led government will stay in power for a reasonable amount of time. They said that a succession of unstable coalition governments has meant that much-needed infrastructure projects have fallen to the wayside, with the deteriorating infrastructure leading many businesses to look toward neighboring Tamil Nadu as a more inviting investment destination. An American business contact said he would expect BJP to focus on Bangalore's infrastructure, but worries whether they will remain in power long enough to get anything done.

19. (SBU) Christian groups in Karnataka are apprehensive about the BJP's victory. A church leader noted that Christian votes went as a

block to the Congress and said he worries that they will be targeted by the BJP as it looks to replicate the "Gujarat-type model" (i.e., consolidate the Hindu vote by targeting religious minorities) in Karnataka.

Comment: BJP's "Gateway to the South"?

110. (SBU) Some analysts quickly began talking about Karnataka as the BJP's "gateway" to the once impenetrable South India. While its Karnataka win is impressive, the party still faces a tough road ahead in the rest of South India. BJP's Karnataka success has been a long time in coming: the fruit of almost twenty years of concerted efforts resulting in consistently increasing shares of the statewide vote. But the BJP has remained a marginal player in the three other South Indian states. Despite the BJP-related Rashtriya Swayamsevak Sangh's well-publicized street battles with the Communist Party of India (Marxist) (CPM) in Kerala, the BJP has never won a state assembly or parliamentary seat in the state. In neighboring Tamil Nadu, the BJP's vote share is stuck between 5 and 7 percent in the face of the dominance of the two warring Tamil-based Dravidian parties. As such, it is left to pin its hopes on alliances with either the AIADMK or DMK. Andhra Pradesh is likely the BJP's next best opportunity in the South after Karnataka, but the BJP has seen declines in its electoral fortunes after its promising early forays into the state. The party now finds itself squeezed between the ruling Congress party and the powerful regional Telugu Desam Party. Given the BJP's long road to the Chief Ministership in Karnataka, one should not expect a major turnaround in the other South Indian states anytime soon.

Comment: Congress snatches defeat from the jaws of victory

111. (SBU) Nonetheless, BJP leaders have every reason to be

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jubilant. This was a major victory in a state where nobody -- Congress leadership especially -- expected the BJP to win enough seats to almost claim a majority on their own. Between the party's historical strength in the state and the fact that its two rivals had embarrassed themselves in last year's coalition debacle, pre-election expectations were set high for Congress (reftel). As a result, the party's efforts to downplay the result by pointing to their still strong vote share and overall increase in seats rings hollow. They needed to win and their failure to do so sends the message that Congress somehow snatched defeat from the jaws of victory in a bellwether election that sets the table for the timing of national elections. There is consensus among political observers that neither the Congress Party nor the BJP will be in a position to form a government in Delhi on its own after the national elections, due by May 2009. They will have to rely on alliances with dozens of smaller regional or special interest parties. To the extent the Karnataka win provides the BJP with momentum and the aura of a winner, it increases its appeal with this pool of potential coalition partners. Conversely, the weakened Congress Party will see its allies and potential allies begin to distance themselves from the party as the national elections approach.

Comment: A deeper malaise in the Congress Party

112. (SBU) Though our interlocutors all point to the potency of the twin issues of terrorism and inflation, something deeper lies at the foundation of Congress's malaise. BJP's decision to designate B.S. Yeddyurappa as its Chief Ministerial candidate demonstrates the party's willingness to empower local leaders, a stark contrast to the Congress which is afraid of local leaders developing independent political power bases which may threaten the central leadership. The party fosters multiple state leaders who keep each other in check and end up always looking to the party high command in Delhi for answers. Local Congress officials told us they blamed national party officials for their indecision in dealing with the BJP's attacks. In a nation as vast and diverse as India, Congress will fall further behind both the BJP and the regional parties if its

candidates always find themselves turning to Delhi for answers.

Embassy Comment: Congress falls back on outdated formula

¶13. (SBU) As the pressure mounts on the Congress Party from a succession of state assembly elections losses and relentless attack from the opposition and its own allies, it has started to revert back to the outdated and tired formulae that kept the party in power for decades after independence -- hollow slogans about secularism, promises of quotas and subsidies to every interest group, attacks on "communalism" and brazen pandering to caste and community vote banks. The party leadership fails to understand that the country and the electorate have changed dramatically since the days of Indira Gandhi and such strategies no longer strike a chord with Indians. Most of the inner circle surrounding the Congress Party leadership in Delhi consists of people who have seldom won an election. They know little about the needs and hopes and ambitions of the modern Indian electorate, devise confused and muddled election strategies, but walk away unscathed from successive losses with their influence in the inner circle intact.

¶14. (SBU) As the Congress Party stumbles from one setback to another, it has become more risk-averse. It has not undertaken any significant domestic or foreign policy initiative in the last year, except for an irresponsible super-populist budget which provided an unprecedented \$17 billion debt write off for farmers but failed to mobilize any lasting popular support. It is unlikely that the Congress Party will unveil any bold initiative in the run up to national elections, due by May 2009. What the party needs to do is reinvent itself as a modern party catering to the desires and aspirations of the modern day Indian. Its record during its four years in power inspires little hope that it will be able to be able to do so. End comment.

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